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DEPARTMENT OF TREASURY
LANSING

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TO: Participating Schools and Lenders

FROM: Toots Lapata-Victorson, Deputy Director

DATE: May 23, 2003

SUBJECT: Educational Loan Notes

A NEW TOOL FOR STUDENTS AND PARENTS



MGA is pleased to announce the most recent addition to our Web site entitled, “[Staying on Track-Financing Your Education.](#)” This section of the [michigan.gov/mistudentaid](#) Web site provides students and parents a preparatory guide for planning a successful higher education experience, both academically and financially. We have combined various elements that are important to consider over the course of planning, preparing, financing, and completing an education. Strategies that prepare a borrower for successful repayment of student loans are highlighted. The piece advocates that success in lifelong money management begins now!

A significant section of **Financing Your Education** is devoted to helping students choose the type of school that best fits their goals and needs. We encourage students to compare offers, and to be aware of the rights and responsibilities involved when borrowing for educational expenses. Educational borrowing requires that the student take control of his or her finances. They must learn to set goals, assess their needs realistically, budget how they live, manage their credit, and develop spending and savings habits that will make a positive difference in their financial future. Successful repayment of student loans is also covered, along with the different options available and the rationale for establishing good credit and avoiding delinquency and default. Special emphasis is placed on the consequences of default.

Lastly, we use our guarantor relationship with Mapping Your Future that features the **Ten Steps to Financial Fitness**, aimed at educating high school and college students about personal finance. This section features interactive modules that help with areas such as budgeting and checkbook balancing, as well as savings calculators and a loan wizard.

Financing Your Education is accessible from the [michigan.gov/mistudentaid](#) main page via a “quick link” on the right-hand menu. If you have suggestions, questions, or comments concerning this newest Internet resource for students and parents, please contact Jim Swisk at 1-800-642-5626, extension 37121, or via e-mail at swiskj@michigan.gov.

THE NATIONAL STUDENT CLEARINGHOUSE—A GREAT RESOURCE FOR SCHOOLS**What is the National Student Clearinghouse?**

The National Student Clearinghouse (Clearinghouse) is the nation's largest source for postsecondary student degree and enrollment verification. Through verification reporting solutions, it helps colleges and universities improve efficiency, reduce costs and workload, and enhance the quality of service the college provides to their students and alumni, lending institutions, employers, and other organizations.

How does the Clearinghouse work?

The Clearinghouse becomes the school's agent for confirming the enrollment status of student financial aid recipients. Periodically, the school needs to report the enrollment status of their students to the Clearinghouse via Internet, disk, or tape. The Clearinghouse, in turn, provides status and deferment information on the school's behalf to guaranty agencies, lenders, servicers, and the U.S. Department of Education's (ED) National Student Loan Data System (NSLDS).

The Clearinghouse process identifies borrowers who:

- Withdraw from school and need to begin repayment.
- Transfer from one school to another.
- Return to school and may be eligible for a deferment.
- Continue in school and are eligible for deferment extension.

What are the advantages of participating in the Clearinghouse?

For schools:

- Simplify verification: Report two or three times per term to one entity using a standard format.
- Delegate the responsibility for responding to all Student Status Confirmation Reports and deferment requests.
- Avoid the expense involved in writing software programs or performing manual look-ups to edit reports generated by others.
- Reduce cohort default rates by providing accurate, automated, frequent enrollment updates to lenders.

For students:

- Avoid inappropriate lender collection efforts during in-school and deferment periods.
- Obtain in-school deferments promptly.

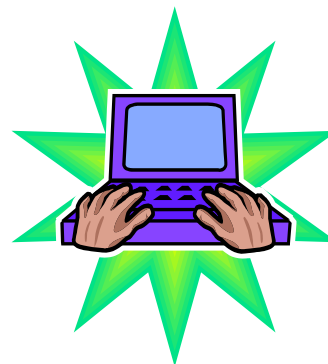
How can my institution join the Clearinghouse?

- Call your Clearinghouse representative Don Gwinn at 847-491-1335 to discuss start-up and implementation procedures, as well as an implementation schedule.
- Sign and return the Clearinghouse Participation Agreement, which appoints the Clearinghouse as your school's agent for purposes of confirming the enrollment status of student financial aid recipients. Once testing is complete, live operations will begin on a date agreed upon by your school and the Clearinghouse.

What is the cost to join the Clearinghouse?

There is no charge to the school; MGA pays the fees. Currently 69 Michigan schools (46 Federal Family Education Loan Program [FFELP] schools and 23 Federal Direct Loan Program schools) take advantage of this service and participate with the Clearinghouse.

Want More Information?



Go to ns1c.org

WhizKid™ Training

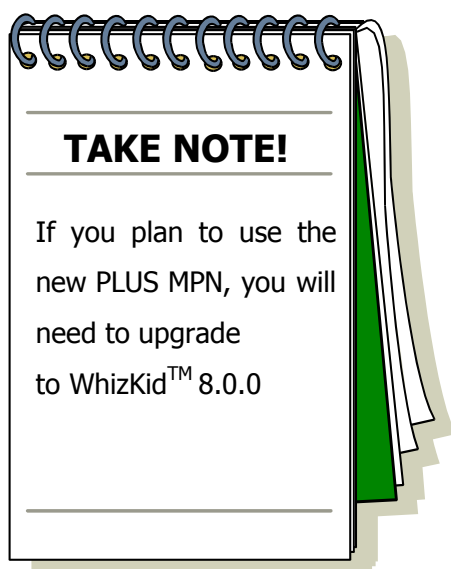
The Michigan Guaranty Agency will host WhizKid training on June 17 and 18, 2003, to provide updates for WhizKid users. The training will be held at **Computer Data, Inc.**, in Okemos. The tentative agenda will include the following information:

-WhizKid 8.0.0**-WhizKid and E-Signature****-WhizKid and PLUS MPN****-OpenNet/NetWizard Updates-Reports**

There is *no charge* for this training. Space is limited to ensure that participants have the opportunity to learn at individual workstations. Please register for either June 17 or 18, and we will do our best to honor your first choice.

Registration information was e-mailed to WhizKid users on May 19, 2003. Registrations will be acknowledged with confirmation e-mails and directions to the training site.

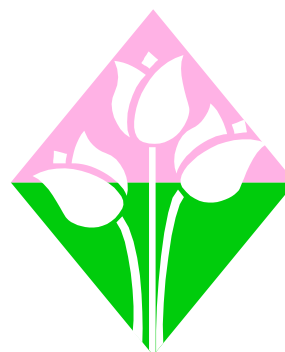
Questions pertaining to the training should be directed to Flora Boles at extension 52882, or via e-mail at bolesf@michigan.gov.

**COMMON MANUAL UPDATES**

The 71st set of *Common Manual* updates was mailed in May to MGA clients. These updates represent a number of policy and wording changes approved by the Governing Board on May 1, 2003.

- Reduced Payment Forbearance Verbal Agreements
- Next Due Dates in Post-Claim Processing
- Multi-Year Feature of the Stafford Master Promissory Note
- Program Participation Agreement/Incentive Compensation
- 12-Hour Rule and Week of Instruction
- Return of Funds and Cash Reserve Requirements
- Schools Required to Record Attendance
- Timely Return of Unearned FFELP Funds
- Entrance Counseling
- Exit Counseling
- Overpayment Tolerance
- Ability-to-Benefit Test
- Reduced Academic Year Requests
- Applying Stafford Annual Loan Limits
- Students Who Return After a Withdrawal
- Elimination of Confirmation Requirement for Electronic Notice
- Total and Permanent Disability Claims
- Claim Filing Documentation Requirements
- Rehabilitation of Defaulted Loans
- Recordkeeping Requirements
- Borrower Eligibility After a Default Claim is Purchased

If you have any questions about this or past mailings of *Common Manual* updates, please contact Susie Gibson, extension 56769, or via e-mail at gibsons@michigan.gov.



LENDER LIST UPDATES

School personnel should record the following actions on the "Participating Lender List" dated May 1, 2003. Please make the appropriate changes in all sections of the list as needed. If you have any questions regarding these updates, please contact Lender Services at ext. 39639.

Newly Participating Lender

Bank One, National Association as Trustee for Bosque Higher Education Authority, Inc., 808936, c/o American Education Services, 1200 N. 7th Street, Waco, TX 76710. Telephone: 800-446-8210.

Montana Higher Education Student Assistance Corp, 832260, c/o Student Assistance Foundation of Montana, 2500 Broadway, Helena, MT 59620. Telephone: 406-444-1609.

Name Change

NEBHELP, Inc., 833500, changed its name to Nelnet Education Loan Funding, Inc.

Address Correction

Communications Family Credit Union, 222010, zip code should be 68501-2596.

SCHOOL LIST UPDATES

The following changes should be recorded by lenders on MGA's "Active Michigan School List" dated January 16, 2003. If you have any questions regarding these changes, please contact our School Services Unit at ext. 36074.

Contact Name Change

Davenport University – Western Region, (002249-03), Career Center
Change Jan Boynton to Bob Kerkhoff. His e-mail address is bobkerkhoff@davenport.edu.

Davenport University – Western Region, (002249-01), Lansing
Change Tom Dreyer to Patricia Finerty. Her e-mail address is sgpfinity@davenport.edu.

Davenport University – Western Region, (002249-00), Grand Rapids and Davenport University – Western Region, (002249-07), Holland Campus
Change Tom Dreyer to Bob Kerkhoff. His e-mail address is bobkerkhoff@davenport.edu.

Rochester College, (002288-00), Rochester Hills
Change Lora McClelland to Burt Rutledge. His e-mail address is brutledge@rc.edu

THE "ED" PIPELINE

Following is a list of some of the most recent ED correspondence for schools and lenders.

Dear Partner
May 2003
ANN-03-05

This letter announces the release of FSA COACH 2002-03. FSA COACH is an online training program from ED that offers a comprehensive introduction to student aid management.

Dear Partner
May 2003
GEN-03-07

This letter discusses the conditions that support the use of dependency overrides by financial aid administrators and reminds schools of the documentation required by ED for such dependency overrides.



Calendar of Upcoming Events

May 2003

- 26 MGA Office Closed
- 29-31 Michigan Credit Union League Annual
Convention and Exposition
Amway Grand Plaza Hotel
Grand Rapids, MI

July 2003

- 4 MGA Office Closed
- 9-12 2003 NASFAA Conference
Salt Palace Convention Center
Salt Lake City, Utah

June 2003

- 17-18 WhizKid Training
Computer Data, Inc.
Okemos, MI
- 17-19 Michigan Bankers Association Annual
Convention and Exposition
The Grand Hotel
Mackinac Island, MI
- 22-25 MSFAA Summer Conference
Mission Point Resort
Mackinac Island, MI

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944, or via e-mail at petersonj@michigan.gov.



LOAN NOTES

May 2003

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